

Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 INRE-00 IOE-00

USIE-00 EB-07 AID-05 COME-00 STR-04 SIL-01 LAB-04

TRSE-00 OMB-01 CIAE-00 INR-07 NSAE-00 OIC-02 ABF-01

CIEP-02 SP-02 AF-06 ARA-10 EA-09 NEA-10 OPR-02 L-03

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 7212

INFO USMISSION USUN NEW YORK

UNCLAS SECTION 1 OF 2 VIENNA 9841

FOR IO/CMD

E.O. 11652: N/A

TAGS: PORG, OCON, UNIDO

SUBJECT: SIXTH SESSION UNIDO PERMANENT COMMITTEE-AGENDA ITEMS 5 AND 9

REF: A. STATE 273519; B. VIENNA 9681; C. STATE 274452

1. MISSION COMMENTS ON AGENDA ITEM 9 WERE TRANSMITTED
REFTEL B; MISSION SUGGESTS USE OF REFTEL AS POSITION PAPER
THIS ITEM.

2. MISSION HAS RECEIVED ADVANCE COPY DOC. ID/B/C.3/42,
PERTAINING TO AGENDA ITEM 5, FOLLOW-UP OF S-VII. DRAFT
POSITION PAPER FOLLOWS:

3. PROBLEM: RES. 3362 (S-VII) ENDORSES LIMA DECLARATION
AND PLAN OF ACTION AND INDICATES ACTIONS TO BE TAKEN FOR
ITS IMPLEMENTATION. ID/B/C.3/42 GIVES INTERIM REPORT OF
INTENTIONS OF UNIDO SECRETARIAT IN CARRYING OUT RECOMMENDA-
TIONS OF RES. 3362. THE MOST SIGNIFICANT OF THESE PROPOSED
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ACTIONS ARE AS FOLLOWS:

A. REDEPLOYMENT OF INDUSTRY (RES. 3362,
SEC. IV, PARA 2)-UNIDO EXPECTS TO CONTACT THE
DEVELOPED COUNTRIES IN ORDER TO DISCUSS IMPLICATIONS
AND IMPLEMENTATION OF THE RECOMMENDATION, AND TO
DISCUSS WITH ILO THE DEVELOPMENT OF JOINT ACTIVITIES
IN THE FIELD.

B. UNIDO AS FORUM FOR CONSULTATIONS AND NEGOTIATIONS
(SECTION IV, PARAS 3 AND 4) - UNIDO IS SETTING UP
"SPECIAL MACHINERY" WITHIN THE ORGANIZATION TO INITIATE
AND SERVICE CONSULTATIONS AND NEGOTIATIONS BETWEEN DC'S
AND LDC'S AS WELL AS AMONG LDC'S. EX. DIR. WILL REPORT
TO IDB-X ON SECRETARIAT ACTIONS TO SET UP SYSTEM OF
CONSULTATIONS PURSUANT TO RES. 3362 WHICH ALSO INVITES
IDB TO DRAW UP ITS RULES OF PROCEDURE.

C. UNIDO AS MONITOR OF DC PERFORMANCE PURSUANT TO
PARA 6, SECTION III-REF PARA URGES DC'S TO ENCOURAGE
ENTERPRISES TO PARTICIPATE IN PROJECTS WITHIN FRAMEWORK
OF DEVELOPMENT PLANS OF LDC'S. AGENDA DOC. RAISES
QUESTION WHETHER UNIDO SHOULD MONITOR PERFORMANCE OF DC'S
IN THIS RESPECT AND REPORT THEREON AT REGULAR
INTERVALS TO IDB.

D. JOINT STUDY (SECTION IV, PARA 7)-SECRETARIAT
IS CONSIDERING DEFINITION OF SCOPE OF STUDY AND OF QUESTIONS
TO BE ASKED OF GOVTS. EX.DIR. PROPOSES TO PREPARE AND
SUBMIT TO 31ST GA PROGRESS REPORT THIS TOPIC AS
REQUESTED BY REF PARA.

E. DATA BANK (SECTION III, PARA 1) LIMA
DECLARATION AND PLAN OF ACTION, SUB-PARA 61(K)
CALLS FOR CONSIDERATION OF ESTABLISHMENT
OF AN INDUSTRIAL AND TECHNOLOGICAL INFORMATION BANK.
UNIDO 1976-77 P/B, THEREFORE, PROPOSES STUDY OF NEED FOR AND
CAPABILITIES OF AN INDUSTRIAL AND TECHNOLOGICAL
INFORMATION BANK. DEPENDING ON OUTCOME OF STUDY, UNIDO
MIGHT CONSIDER POSSIBILITY OF ESTABLISHING SUCH A
DATA BANK. NOTE IS TAKEN OF SIMILAR PROPOSAL IN SECTION
III, PARA 1, RES 3362.

4. DISCUSSION: (LETTERING CORRESPONDS TO THAT IN
PROBLEM SECTION ABOVE).

A. REDEPLOYMENT OF INDUSTRIES: IN DISCUSSION OF
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THIS POINT PAPER C.3/42 DRAWS ON LANGUAGE OF RES 3362
THAT CALLS FOR GOVERNMENTS TO "FACILITATE THE DEVELOPMENT
OF NEW POLICIES...WHICH WOULD ENCOURAGE THE REDEPLOYMENT
OF THEIR INDUSTRIES..." WHILE THIS LANGUAGE WAS
ACCEPTABLE TO US AT SS-VII, THE PROPOSED SECRETARIAT
FOLLOW-UP ACTION, I.E. "TO CONTACT THE GOVERNMENTS OF
THE DEVELOPED COUNTRIES IN ORDER TO DISCUSS THE
IMPLICATIONS AND IMPLEMENTATION OF THIS RECOMMENDATION"

WOULD APPEAR TO BE A FIRST STEP TOWARDS "CONSULTATIONS" WITH RESPECT TO ACTIONS BY DEVELOPED COUNTRIES PURSUANT TO THIS GA RECOMMENDATION. IT IS TO BE ANTICIPATED THAT THE SECRETARIAT WOULD WISH TO ISSUE A REPORT ON THE PROPOSED DISCUSSIONS, THE EFFECT OF WHICH COULD BE TO THROW THE EXAMINATION OF ACTIONS OR NON-ACTIONS BY DEVELOPED COUNTRIES IN THE LIGHT OF PARA 2 SECTION IV INTO A UNIDO "CONSULTATION" FORUM. THIS WOULD LINK PARA 2 CLOSELY TO PARA 3, A RESULT WHICH WOULD GIVE THE US DIFFICULTY SINCE PARA 3 ENVISAGES A SYSTEM OF CONSULTATIONS "AS PROVIDED BY THE LIMA PLAN OF ACTION." IN THIS CONNECTION THE US AT SS-VII STATED THAT IT "DOES NOT SUPPORT THOSE PARAGRAPHS DEALING WITH THE SYSTEM OF CONSULTATIONS OF UNIDO." THE QUESTION ALSO ARISES AS TO WHENCE COMES THE AUTHORIZATION FOR UNIDO TO DEVELOP "JOINT ACTIONS" WITH THE ILO IN THIS MATTER.

B. CONSULTATIONS AND NEGOTIATIONS: DISCUSSION OF THIS SUBJECT, WHICH IN PRINCIPLE ENCOMPASSES ITEM A, INDICATES UNIDO'S INTENTION TO SET UP "SPECIAL MACHINERY" TO INITIATE AND SERVICE CONSULTATIONS AND NEGOTIATIONS. WHILE THE LANGUAGE QUOTED IN REFERENCE TO "NEGOTIATIONS" INCLUDES THE PHRASE "AT THE REQUEST OF THE COUNTRIES CONCERNED," THE LANGUAGE QUOTED IN REFERENCE TO "CONSULTATIONS" REFERS TO THAT "PROVIDED FOR BY THE LIMA PLAN OF ACTION," WHICH IS OBJECTIONABLE TO THE US, AND WHICH WAS REJECTED BY THE US AT SS-VII. FURTHERMORE, THE LUMPING TOGETHER OF "NEGOTIATIONS" AND "CONSULTATIONS" SEEMS BOUND EVENTUALLY TO BLUR THE DISTINCTIONS BETWEEN THE TWO CONCEPTS, WHILE THE USE OF THE SAME "SPECIAL MACHINERY" FOR BOTH ACTIVITIES COULD LEAD TO THE DISAPPEARANCE OF ANY PROCEDURAL OR INSTITUTIONAL

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DISTINCTION BETWEEN THEM. IN ANY CASE, THE NATURE OF THE "SPECIAL MACHINERY" TO BE "ESTABLISHED SHORTLY" WITHIN UNIDO IS NOT EXPLAINED. IT MAY POSSIBLY REFER TO THE NEW SECTION TO BE ESTABLISHED IN THE DIVISION OF POLICY COORDINATION WHICH IS TO BE TITLED "NEGOTIATIONS SECTION" (VIENNA 8505, PARA 3). IF THIS IS THE CASE THE TITLE OF THE SECTION IS A MISNOMER.

C. PARTICIPATION OF DEVELOPED COUNTRY ENTERPRISES IN LDC PROJECTS: THE SECRETARIAT SUGGESTION THAT UNIDO MONITOR THE ACTIONS OF DEVELOPED COUNTRIES IN REGARD TO SECTION IV, PARA 6, WOULD SEEM TO PROJECT A MEANS OF EXERTING PRESSURES ON THEM TO MOVE BEYOND WHAT THEY MAY HAVE ENVISAGED AT SS-VII. IF SO, IT WOULD CAUSE PROBLEMS FOR THE US.

D. THE "JOINT STUDY," THE FIRST STEPS OF WHICH ARE

OUTLINED IN C.3/42, HAS AS ONE OF ITS OBJECTS "A GENERAL

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 IOE-00 SSO-00 NSCE-00 INRE-00

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CIEP-02 SP-02 AF-06 ARA-10 EA-09 NEA-10 OPR-02 L-03

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SET OF GUIDELINES FOR BILATERAL INDUSTRIAL COOPERATION". WHILE THE CONTENT OF SUCH A SET OF GUIDELINES REMAINS TO BE SEEN, WE SHALL WISH TO BE ALERT TO ANY EARLY INDICATIONS THAT SUCH GUIDELINES MIGHT RAISE PROBLEMS FOR US IN TERMS OF OUR VIEWS ON THE FUNCTIONS OF THE MARKET MECHANISM. THERE IS ALSO A PROCEDURAL QUESTION INVOLVED IN WHETHER OR NOT THE EX. DIR. WILL FIRST GIVE THE IDB A PREVIEW OF HIS PROGRESS REPORT BEFORE SUBMITTING IT TO THE 31ST GA.

E. THE "DATA BANK" STUDY RAISES THE QUESTION OF WHETHER UNIDO IS THE INDICATED LOCUS FOR SUCH ACTIVITY.

5. SINCE DOCUMENT C.3/42 CALLS FOR NO SPECIFIC ACTION BY THE PC, IT WOULD BE PROCEDURALLY POSSIBLE MERELY TO TAKE NOTE OF IT. IT DOES, HOWEVER, OUTLINE PROPOSED SECRETARIAT INITIATIVES, WHICH WOULD TAKE THE ORGANIZATION WELL DOWN THE ROAD TOWARD ACTIVITIES WHICH, BASED AS THEY ARE ON PROVISIONS OF THE LIMA

PLAN OF ACTION AND RES 3362 (S-VII) WHICH THE US
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HAS SPECIFICALLY REJECTED, WOULD BE CLEARLY UNWELCOME
TO THE U.S. THIS PROSPECT WOULD APPEAR TO
REQUIRE THAT THE US AGAIN EXPRESS THE RESERVATIONS
WHICH IT HAS PREVIOUSLY RECORDED WITH RESPECT
TO THESE MATTERS AT LIMA AND SS-VII. IN
ADDITION, THE DOCUMENT ENVISAGES CERTAIN SECRETARIAT
ACTIVITIES (PROBLEM SECTION, POINTS A AND C ABOVE)

WHICH APPEAR TO HAVE UNDESIRABLE CONNOTATIONS.
UNFORTUNATELY, CHALLENGING THESE VARIOUS ASPECTS OF THE
SECRETARIAT PAPER, MAY, TO THE EXTENT THEY ARE
EMBRACED AND SUPPORTED BY THE G-77, RISK PROJECTING
THE US AS THE FOREMOST OPPONENT OF LDC
ASPIRATIONS WHICH ARE CENTRAL IN THEIR VIEW TO
LIMA AND SS-VII FOLLOW-UP IN THE INDUSTRIAL FIELD,
IMMEDIATELY PRIOR TO THE FIRST SESSION OF COW TO
CONSIDER THE UNIDO DRAFT STATUTES.

6. U.S. POSITION:

A. THE USDEL SHOULD IF NECESSARY, EMPHASIZE THAT
THE U.S. SUPPORTS AND ENCOURAGES, THROUGH ITS DOMESTIC LAWS
AND INTERNATIONAL POLICIES, INVESTMENT FLOWS WHICH
MAXIMIZE THE USE OF CAPITAL, NATURAL AND HUMAN RESOURCES
ACCORDING TO COMPARATIVE ADVANTAGE, HAS FACILITATED
EXTENSIVE INDUSTRIAL INVESTMENT ABROAD AND HAS
ACCEPTED THE RESULTANT "REDEPLOYMENT OF INDUSTRY"
WHEN IT OCCURS BASICALLY THROUGH THE OPERATION OF
MARKET FORCES. FURTHER, THE U.S. FAVORS CONSULTATIONS
AMONG GOVERNMENTS AND ORGANIZATIONS IN THE PRIVATE
SECTOR, THE OBJECT OF WHICH IS TO MAKE READILY
AVAILABLE TO POLICY MAKERS INFORMATION THAT
WILL ASSIST THE FORMULATION OF WISE NATIONAL
POLICY AND INFORMAL DISCUSSIONS IN THE PRIVATE
SECTOR. THE U.S. CANNOT, HOWEVER, SUPPORT
CONSULTATIONS FOR THE PURPOSE OF "REDEPLOYMENT"
THROUGH INTERGOVERNMENTAL AGREEMENTS INTENDED
TO SUPERIMPOSE COMPREHENSIVE DIRECT CONTROLS OVER MARKETS.
USDEL SHOULD ASK THAT SECRETARIAT TO EXPLAIN WHAT "SPECIAL
MACHINERY" IT PROPOSES FOR THIS PURPOSE.

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B. AS REGARDS SECTION IV, PARA 2 OF RES 3362, THE USDEL SHOULD TAKE THE POSITION THAT SS-VII DID NOT ENVISAGE BILATERAL DISCUSSIONS BETWEEN UNIDO AND DEVELOPED COUNTRIES IN FOLLOW-UP OF THIS RECOMMENDATION AND THAT IN ANY CASE, TO THE EXTENT THIS RECOMMENDATION IS AN ASPECT OF THE FOLLOW-UP OF LIMA, GENERAL PROVISION FOR REPORTS FROM GOVERNMENTS IS MADE IN OPERATIVE PARA 3(C) OF IDB RESOLUTION 45 (IX).

C. THE USDEL SHOULD TAKE A SIMILAR POSITION WITH RESPECT TO THE SUGGESTION THAT THE SECRETARIAT MONITOR AND REPORT ON DEVELOPED COUNTRY ACTIONS WITH RESPECT TO SECTION IV, PARA 6 OF REF 3362.

D. THE USDEL SHOULD PROPOSE THAT THE EX. DIRECTOR INFORM IDB-X OF THE EXTENT TO WHICH SECRETARIAT THINKING WILL HAVE PROGRESSED WITH RESPECT TO THE DEFINITION OF THE SCOPE OF THE JOINT STUDY AND OF THE QUESTIONS TO BE ASKED OF GOVERNMENTS IN THAT CONNECTION, IN ORDER TO GIVE IDB MEMBERS AN OPPORTUNITY TO COMMENT PRIOR TO SUBMISSION OF A PROGRESS REPORT TO THE 31ST GA.

E. (SINCE THE MISSION IS NOT CLEAR WHERE THE MATTER OF THE DATA BANK ENVISAGED IN SECTION III, PARA 1, RES 3362 STANDS IN THE 30TH GA IT REFERS TO THE DEPARTMENT QUESTION OF THE US POSITION ON ITEM E AND THE PROBLEM SECTION ABOVE). STIBRAVY

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